

Mayor and City Council

Agenda Item Request

Meeting Date: 6/3/2013

Type: Ordinance / Regulations / Resolution

Call to Podium:

Tony Tomasello

Agenda Item Title:

Establishing a Constant Yield Tax Rate for the City of Gaithersburg for the Fiscal Year July 1, 2013 through June 30, 2014

Responsible Staff and Department:

Harold Belton, Director
Finance and Administration

Desired Outcome from Council:

Vote to set the Constant Yield Tax Rate

Public Hearing History	
Introduction Date:	4/2/2013
Advertisement Date :	4/3/2013
Public Hearing Date:	4/15/2013
Record Held Open Date:	5/15/2013
Policy Discussion Date:	6/3/2013
Anticipated Adoption Date:	6/3/2013

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Supporting Background Information:

In order to comply with state law, a public hearing is required if the tax rate proposed for the fiscal year exceeds the Constant Yield Tax Rate.

From year to year, the City's assessable tax base increases, causing the amount of revenue to increase. The City must hold a public hearing to inform citizens of that increase. As projected by the State Department of Assessments and Taxation, the City's assessable base will increase by 0.7 percent in FY 2014. As the City's assessments increase, the tax rate needed to generate the amount of revenue for the prior year decreases. This Constant Yield Tax would ensure that the City's tax revenue would remain flat from FY 2013 to 2014.

The City of Gaithersburg is proposing a tax rate of \$.2620, which will exceed the \$.2601 Constant Yield Tax Rate. On April 3, 2013 a notification of a public hearing on the Constant Yield Tax Rate was announced for April 15, 2013. The public hearing was held on that date. During the public hearing, the Mayor and City Council voted to close the record on May 15, 2013. No comments were received.

Staff requests the Mayor and City Council vote to set the Constant Yield Tax Rate and set the rate at \$.2620 to become effective July 1, 2013.